

Message Text

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ACTION EB-11

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DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 PA-04 USIA-15

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FM AMCONSUL KARACHI

TO SECSTATE WASHDC 7645

INFO AMEMBASSY ISLAMABAD

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FAA BRUSSELS 48

AMEMBASSY BEIRUT

LIMITED OFFICIAL USE KARACHI 2362

BEIRUT FOR RCAA

E.O. 11652: N/A

TAGS: ETRN PK

SUBJECT: CIVAIR-NUR KHAN APPOINTED CHAIRMAN OF PIA

SUMMARY: RETIRED AIR MARSHAL NUR KHAN HAS BEEN APPOINTED CHAIRMAN OF BOARD OF DIRECTORS FOR PAKISTAN INTERNATIONAL AIRWAYS WITH FULL EXECUTIVE POWERS, APPARENTLY OWING WHAT PRESS AND SOME INSIDERS HAVE TERMED "INDISCIPLINE, DETERIORATING CONDITIONS AND MAL-ADMINISTRATION" WITHIN PIA. RAFIQ SAIGOL BELIEVED TO HAVE RESIGNED HIS POSITION AS MANAGING DIRECTOR OR WILL DO SO SHORTLY. TAKE OVER BY NUR KHAN NOT EXPECTED RESULT IN ANY GREAT CHANGES IN OVERALL PIA POLICY BUT WILL NO DOUBT LEAD TO TIGHTENING UP OF DISCIPLINE WITHIN ORGANIZATION, AND DISMISSALS FROM ITS TOP-HEAVY BUREAUCRACY. END SUMMARY.

1. IN MOVE WHICH CAME AS SURPRISE TO KARACHI AVIATION COMMUNITY, RETIRED AIR MARSHAL NUR KHAN TOOK OVER AS TOP EXECUTIVE OF PIA IN NEWLY CREATED POSITION AS LIMITED OFFICIAL USE

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ITS FULL TIME CHAIRMAN OF THE BOARD ON NOVEMBER 8

WHEN HE MOVED INTO RAFIQ SAIGOL'S OFFICE AT PIA HEADQUARTERS, IN KARACHI. SAIGOL HAS OFFICIALLY GONE ON THREE-WEEK LEAVE OF ABSENCE BUT ACCORDING WELL-INFORMED SOURCE, HAS IN FACT RESIGNED. IN NEW POSITION, NUR KHAN, WILL, AS CHAIRMAN OF THE BOARD, HAVE VIRTUAL CONTROL PIA POLICY AS WELL AS EXECUTIVE MANAGEMENT, REPORTING ONLY TO PRIME MINISTER. PREVIOUS MANAGING DIRECTORS, INCLUDING SAIGOL, REPORTED TO SECRETARY OF DEFENSE WHO IN ADDITION TO OTHER DUTIES, WAS PIA BOARD CHAIRMAN.

2. NUR KHAN, WITH LONG EXPERIENCE IN AVIATION, INCLUDING A MANAGING DIRECTORSHIP OF PIA FROM 1958 TO 1965, AND CHIEF OF STAFF OF AIR FORCE THEREAFTER, BEFORE BECOMING GOVERNOR OF WEST PAKISTAN, HAS REPUTATION AS EXCELLENT ADMINISTRATOR WITH KEEN INTEREST IN DETAILS OF PIA OPERATIONS. DESPITE RETIREMENT FROM AIR FORCE HAS MAINTAINED COMMAND PILOT QUALIFICATIONS, AND WHEN PIA MANAGING DIRECTOR, SOMETIMES SCHEDULED HIMSELF AS 707 CAPTAIN TO CHECK PIA FLIGHT PROCEDURES.

3. DURING RAFIQ SAIGOL'S PERIOD AS PIA MANAGING DIRECTOR FROM 1972 TO PRESENT, HE ESTABLISHED GOOD REPUTATION FOR INSTITUTING NEEDED ECONOMIES AND PUTTING PIA BACK ON PROFITABLE BASIS AFTER TRAUMATIC CUTTING OFF ITS EAST WING SERVICES FOLLOWING BANGLADESH WAR. SAIGOL, WITHOUT EXPERIENCE IN AVIATION, AND WITHOUT FINAL AUTHORITY WHICH NUR KHAN WILL NOW ENJOY, WAS APPARENTLY UNABLE ESTABLISH COORDINATED POLICIES AND DISCIPLINE IN PIA'S TOP-HEAVY AND OVER-BLOWN BUREAUCRACY. (PIA STAFF NOW TOTALS ABOUT 15,000 FOR OPERATION OF NINE JET AIRCRAFT, AND FIVE PROP JET F-27'S.)

4. A SOURCE CLOSE TO NUR KHAN STATES THAT TWICE PREVIOUS TO PRESENT APPOINTMENT HE WAS ASKED BY PRIME MINISTER BHUTTO TO TAKE OVER MANAGING DIRECTORSHIP OF PIA, BUT DECLINED SINCE DID NOT WISH TO RETURN TO JOB HELD BEFORE. PRESENT ELEVATION TO POLICY AS WELL AS EXECUTIVE DIRECTORSHIP APPARENTLY SOLVES THIS PROBLEM.

5. NUR KHAN HAS HAD CONSIDERABLE DIFFERENCES WITH BHUTTO LIMITED OFFICIAL USE

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OVER THE YEARS, BUT HAS OF LATE AVOIDED ACTIVE POLITICAL OPPOSITION. PRESENT APPOINTMENT INDICATES HE HAS FULLY MENDED FENCES. AS EX-AIR FORCE MAN, HE ALSO ENJOYS PAF BACKING FOR

AW POSITION SINCE PAF TAKES STRONG INTEREST IN PIA AS MAJOR SOURCE RESERVE TRANSPORT CAPACITY IN TIME OF EMERGENCY, AND NUR KHAN HAS KEPT CLOSE TIES WITH HIS TLD SERVICE ARM.

6. COMMENT: NUR KHAN WAS DECIDEDLY AND OPENLY ON BOEING'S SIDE DURING DRAWN-OUT BATTLE WITH MCDONNELL-DOUGLAS FOR SALE TO PIA OF NEW WIDE-BODIED AIRCRAFT. IF NUR KHAN HAD BEEN APPOINTED CHAIRMAN BEFORE PIA'S DECISION LAST SPRING TO PURCHASE DOUGLAS DC-10S, PURCHASE WOULD HAVE BEEN PUT OFF WITH POSSIBLE LEASE OF DC-10'S UNTIL NEW SHORTENED AND MORE ECONOMICAL VERSION OF BOEING 747 AVAILABLE. SASA ADVERTISING AGENCY, HEADED, UNTIL LAST MAY BY NUR KHAN, REPORTEDLY RECEIVED LARGE ADVERTISING FEES FROM BOEING. NOW THAT CONTRACT SIGNED FOR DC-10'S, PIA EQUIPMENT POLICY APPEARS NECESSARILY SET UNTIL TIME COMES FOR DECISION ON TWIN JETS TO REPLACE PRESENT F-27'S ON DOMESTIC ROUTES. NUR KHAN, DURING PREVIOUS MANAGING DIRECTORSHIP, ALSO INFLUENTIAL IN GETTING PIA FINANCIAL PARTICIPATION IN INTERCONTINENTAL HOTEL CHAIN IN PAKISTAN.

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